IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

PBI PERFORMANCE PRODUCTS, INC	:	CIVIL ACTION
	:	
v.	:	
	:	
NORFAB CORPORATION	:	NO. 05-4836

MEMORANDUM

Bartle, C.J. January 5, 2007

Plaintiff, PBI Performance Products, Inc. ("PBI"), brings this action against defendant NorFab Corporation ("NorFab") alleging three counts: Count I for infringement of PBI's patent for textile fabric for the outer shell of a firefighter's garment, U.S. Patent 6,624,096 (the "'096 patent"), under 35 U.S.C. § 271 et seq.; and Counts II and III for unfair competition and trademark dilution under 15 U.S.C. § 1125(a) and (c). Now before the court is the motion of PBI to lift a stay entered by this court and reopen all proceedings.

On May 18, 2006, after this lawsuit was instituted, NorFab filed a petition to cancel the trademark registration in suit, PBI's Supplemental Trademark Registration No. 2,739,268, in the Trademark Trial and Appeal Board ("TTAB") of the United States Patent and Trademark Office ("USPTO"). NorFab also filed a request for ex parte reexamination of the '096 patent on June 2, 2006 in the USPTO. On July 31, 2006, this court placed this action on its suspense docket and ordered these proceedings stayed pending a decision by the USPTO whether to reexamine

plaintiff's patent. The USPTO granted the request for reexamination on September 28, 2006 on the ground that there was a substantial new question of patentability going to each of the patent's 15 claims. On November 11, the TTAB, however, made a sua sponte decision to suspend the cancellation proceeding pending the outcome of the action pending in this court. Trademark Rule 2.117(a); see also Dwinell-Wright Co. v. Nat'l Fruit Prod. Co., Inc., 129 F.2d 848 (1st Cir. 1942). The TTAB's decision to suspend its proceeding with respect to the trademark at issue does not affect the pending reexamination determination of the patent's validity by the USPTO.

A court has broad discretion in deciding whether to stay or reopen a case pending before it. See Cost Bros., Inc. v. Travelers Indem. Co., 760 F.2d 58, 60 (3d Cir. 1985); Landis v. North Am. Co., 299 U.S. 248 (1936). This authority applies equally to patent cases in which reexamination by the USPTO has been requested. Ethicon, Inc. v. Quigg, 849 F.2d 1422, 1426-27 (Fed. Cir. 1988) (internal citations omitted); In re Laughlin Prods., Inc., 265 F. Supp. 2d 525, 530 (E.D. Pa. 2003). In determining whether a stay pending USPTO reexamination is appropriate a district court typically considers the following factors: (1) whether a stay would unduly prejudice the nonmoving party or present a clear tactical advantage for the moving party; (2) whether a stay will simplify the issues; and (3) whether discovery is complete and whether a trial date has been set. Id. at 531. We believe these are the same factors we should

considering in determining whether to continue the stay or reopen proceedings. See Pacesetter Inc. v. Cardiac Pacemakers, 2003 WL 23303473 (D. Minn. 2003).

With respect to Count II, alleging unfair competition, and Count III, alleging trademark dilution, these factors support a lifting of the stay. The TTAB has now stayed, pending the outcome of this lawsuit, the trademark cancellation procedure which might have affected those counts. Insofar as these two counts are concerned, there is currently no reason for any further delay, and PBI will be prejudiced by failure to proceed with discovery and their ultimate resolution. On the other hand, the decision of the USPTO concerning reexamination of the patent could affect and might even make moot Count I, alleging patent infringement. Viewing Count I alone, it is in the interest of NorFab and of judicial economy to await the outcome of the USPTO decision. Complicating matters further, both parties agree that the discovery for all three counts overlaps and that it would be difficult to separate the discovery for Count I from the discovery for Counts II and III. Any attempt to do so would result not only in time-consuming and expensive discovery disputes but also in the likelihood that multiple depositions of the same individuals would be needed should we proceed only with Counts II and III and should Count I ultimately go forward.

On balance, we conclude that at least some discovery in all three counts should proceed. The prejudice to PBI in delaying discovery on Counts II and III outweighs any harm to

NorFab in allowing discovery to take place. We would expect to defer the trial until the USPTO decides the reexamination issue. If the patent stands, the discovery already taken will allow the case to be tried without undue delay. If the patent is cancelled or modified, the "patent discovery" will not have been in vain since it is inextricably intertwined with the discovery on Counts II and III. In addition, lifting the stay and allowing discovery to proceed may facilitate a resolution of the entire dispute.

In sum, the motion of PBI to reopen all proceedings will be granted. We will remove this case from our suspense docket and arrange for a status conference with the parties to craft a new scheduling order.

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ORDER

AND NOW, this 5th day of January, 2007, for the reasons set forth in the accompanying Memorandum, it is hereby ORDERED that the motion of plaintiff, PBI Performance Products, Inc., to reopen all proceedings is GRANTED.

BY THE COURT:

/s/ Harvey Bartle III
C.J.